

Pakistani prunes: the
use of distributive
bargaining and
integrative or
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Negotiation – Assessment 1

The Pakistani Prunes – Understanding the use of Distributive Bargaining and Integrative or Interest Based Negotiation tactics – A Case Study

Distributive Bargaining (Win-Lose) and Integrative Negotiation (Win-Win) are two methods of negotiation used by us in personal and professional situations almost daily. In the case of The Pakistani Prunes, both Dr. Sanchez and Dr. Kim have a need for the same resource – a prune. It is available only in a certain area of Pakistan and the harvests are limited as it can't be grown in any other region. Applying the use of the above two negotiation methods we will critically evaluate the benefits of each tactic and explain their differences.

According to (Lewicki, Barry, & Saunders, 2016), “ In distributive bargaining, the goals of one party are usually in fundamental and direct conflict with the goals of the other party. Resources are fixed and limited, and both parties want to maximize their share.”

What is important to note in distributive bargaining is that it focuses very much on a win for one of the parties and a loss for the other. As explained by (Holbrook, 2010) in each negotiation the parties will have a starting point, target point and stopping point. Each party tries to gain as much information about the others stopping point while trying not to reveal their own. He goes on to explain that typically a party's BATNA (Best Alternative To Negotiated Agreement) will decide his/her stopping point because that is where the party is likely to walk away from the negotiation.

Distributive bargaining is also a method used when there is primarily a monetary gain involved for either party and hence the need for each party to find out the others stopping point. Using the different tactics of distributive bargaining can therefore be appealing when approaching a negotiation in which both parties need to agree upon a price for something and budgets influence the outcome.

The con however with distributive bargaining is that mutual benefit solutions are not generally sought after even if available and the tactics used are more aggressive in nature so as to achieve a desired outcome, hence it is also known as Win-Lose negotiation.

In the case of The Pakistani Prunes, both Dr. Sanchez and Dr. Kim would need to negotiate for a limited resource. Both also have different budgets in order to obtain the prunes, \$5million and \$8million respectively. These are effectively their stopping points at which they would be able to purchase the whole harvest of the prunes and since they are only harvested once in two years it adds that layer of urgency to the negotiation.

Both parties though have similar interests; that is to use the product for the betterment of the public in their respective domains. Of course, Dr. Kim comes from a company that operates with a multi-million dollar budget and profitability is extremely important to them apart from the interests of the public. Dr. Sanchez works with the United Nations which has stricter budget confines for his cause and there is no intent to gain profit. Dr. Sanchez's interests are solely for the betterment of his cause.

Therefore, if both Dr. Kim and Sr. Sanchez were to use distributive bargaining tactics of negotiation it would lead to only one of the parties being able to obtain the product without much question of ' why' each of them wants to acquire it and for ' what' purpose. It would mean that only a certain population benefits from the values of the Pakistani Prune.

In the case of Integrative Negotiation however, as explained by (Lewicki et al., 2016), " The goals of the parties in integrative negotiation are not mutually exclusive. If one side achieves its goals, the other is not precluded from achieving its goals as well." They go on to state that through discussion about each party's wants and goals and exploring alternatives we are able to succeed in agreeing to a mutually beneficial solution.

One very important aspect for integrative negotiation to succeed is honesty and integrity. Interest based negotiating requires trust and mutual understanding by both parties. Doing so will help to establish a trusting environment (Laubach, 1997).

During this type of interest-based negotiation both parties openly discuss their positions and exchange information as to why they want their products or deals. Knowing why opens the opportunity to then explore alternative and shared solutions. Compared to distributive bargaining where both parties did not wish to know the others needs and one tries to elbow the other party out of winning the negotiation.

Having both parties information, wants and needs on the table would mean that the solution can be reached without necessarily using hardball tactics

like snowballing the other with information. " Interest-based negotiation is <https://assignbuster.com/pakistani-prunes-the-use-of-distributive-bargaining-and-integrative-or-interest-based-negotian-tactics/>

well established as the optimal method for reaching win-win agreements during business, political, and personal negotiations. The traditional position-focused, win-lose approach is arguably appropriate in situations where neither side foresees a future relationship or when the interests of the two parties aren't interdependent." (Ridge, 2015)

If however the negotiators are not willing to share all their information or ensure that the other party interprets their statements correctly, it will not lead to a successful integrative negotiating environment. This can still be resolved however through multiple rounds of negotiation, finding common ground and acknowledging that both parties have similar interests.

Integrative negotiation would be a very appropriate solution for the case of The Pakistani Prunes. If both Dr. Sanchez and Dr. Kim started the negotiation by providing each other with information about themselves and the ' why' for their need to purchase the harvest of prunes it would lead to a clear understanding that although both want a resource which is very limited currently, they actually require a different part of the prune.

Dr. Sanchez could benefit from the pits of the prune and Dr. Kim would be able to utilize the pulp for his purposes. Both parties would also be able to minimize their purchase expenses and utilize their budget in other areas necessary.

Both are of course still free to pursue Distributive or Integrative tactics to minimize operating costs. For example: Dr. Sanchez knows that Dr. Kim works for a multi-million dollar company and can even assume that his

budget would have been higher. Therefore, Dr. Sanchez can use a '
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Concession' strategy to convince Dr. Kim's company to receive the prunes and complete the whole process of separating the pip from the pulp and even have them transport the pips to Dr. Sanchez.

(Hendon, Roy, & Ahmed, 2003) state in their guidelines for making concessions in negotiation, " Make unimportant concessions and portray them as more valuable than they are." What Dr. Sanchez could suggest is though Dr. Kim would be covering certain operating costs to separate the pip from the prune and deliver them, it would be Dr. Kim's company who will effectively receive the product first and as timelines are very important, Dr. Sanchez would sacrifice that effectively and wait to receive the pips once their process is completed.

Of course, this is just one part of the negotiation tactics and Dr. Kim can counter accordingly and both can work towards an agreeable solution even through distributive negotiations.

In summary, this case study has considered the positive and negative aspects of using distributive and integrative negotiations and we understand the differences between them. It is always preferable if both parties try to understand the needs of the other and start to identify similar interests if any. This would at least pave the way for effective negotiations and open a good line of communication between both parties. What makes negotiations special is the human factor involved, people's emotions and sometimes our preconceived notions about the other party. In conclusion, both distributive and integrative negotiations are needed depending on the situation and how

each tactic is used to gain either information, concessions or an agreeable outcome to the matter.

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